The rating of ground rents and ground values

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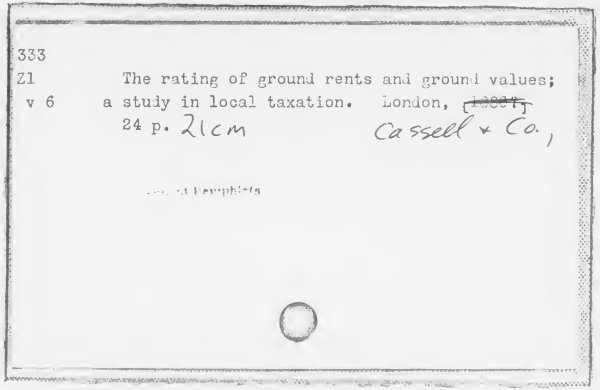

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The Rating of Ground-Rents and Ground Values.

A STUDY IN LOCAL TAXATION.

CASSELL & COMPANY, LIMITED:
LONDON, PARIS, NEW YORK & MELBOURNE.

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No. 3

The Rating of Ground-Rents and Ground Values.

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These pages are an attempt to state with the utmost brevity the main arguments against the "Taxation of Ground-Rents and Values." Whatever of value they contain is taken from Mr. C. H. Sargant's masterly little treatise on "Ground-Rents and Building Leases." All Mr. Sargant's conclusions do not seem equally sound. But the full force of the reasoning here summarised can only be appreciated on a study of the able and original essay from which it has been condensed.*

* Swan Sonnenschein & Co., London, 1886.

THE RATING OF GROUND-RENTS AND GROUND VALUES.

On March 16th, 1886, on the motion of Mr. William Saunders, then member for East Hull, a paragraph was added to the reference to the Select Committee on Town Holdings, directing them "to inquire into the question of imposing a "direct assessment on the owners of ground-rents, "and on the owners of increased values imparted "to land by building operations or other improve-"ments." That inquiry has since been prosecuted by successive Committees, and is still pending. No report on the merits has hitherto been issued; but the evidence taken on the whole subject of Town Holdings down to August, 1887, has been reported and published in two voluminous Blue-books. It is proposed to examine the questions raised in the paragraph of the reference just quoted, as elucidated by the evidence. They are:—

1. Should ground-rents be directly assessed?
2. Should "improved ground values" under building leases—that is, ground-rents and reversions taken together—be directly assessed?
3. Should vacant building land be assessed on its capital value?

It is hardly necessary to say that under the

existing law neither ground-rents nor reversions are directly assessed, nor is vacant building land assessed on its capital value.

Before discussing the arguments for and against any change in that law, it will be well to consider shortly what "ground-rents" and "reversions" respectively are.

A building lease is a contract to let and to hire a piece of land. As in other contracts of hiring, the parties agree that the owner shall receive back his property at the end of the hiring, and also that he shall receive payment for its use. This payment is usually made partly in money and partly in kind. The money payment may consist of either a lump sum or "fine," or of a yearly ground-rent, or of both. The payment in kind consists of the buildings which the hirer agrees to erect and to surrender to the owner at the end of the lease. It is quite as truly a payment for the use of the owner's property as the fine or the ground-rent, and it is as carefully considered by both parties when settling the terms of their bargain. The "reversion" on a building lease consists of two rights secured to the owner under this contract—namely (1), the right to receive back his property at the end of the hiring, and (2) the right to receive this payment in kind. The proportions of the whole payment, made in money and in kind respectively, are matters of contract in each individual case.

This review of the nature of ground-rents and

reversions leads directly to one conclusion on the subject of rating. If any part of the whole payment received by the owner should be rated, all the parts should be rated. If ground-rents, which are yearly payments for the hire of building land, should be rated, fines which are merely anticipated ground-rents, and reversions which are largely deferred ground-rents, should be rated too. Otherwise the degree of the owner's liability to rates, or even his total exemption from rates, would depend not on the amount, but on the shape of the payment he agreed to receive. An example will make this plain.*

The owner of three properties, A, B, and C, all of the same market value, may let them to a builder for ninety-nine years upon condition that the builder shall cover A with houses of a specified value and shall pay a certain ground-rent, that he shall cover B with houses of a higher value than those on A and pay a lower ground-rent, and that he shall cover C with houses of either the A or the B value, pay a peppercorn ground-rent, and also pay a money fine. This fine will be lower or higher according as the houses on C are to be of the B or of the A value. Thus properties of the

* The rating of ground-rents or reversions would create a curious anomaly in municipal finance. The operation of the ordinary laws of supply and demand has caused leaseholds to prevail in some towns, and freeholds in others. If ground-rents or reversions were rated, the leasehold municipalities would enjoy a source of income not available to the freehold towns. Birmingham, for example, would draw a revenue which Wolverhampton, Dudley, Stafford, Warwick, and Rugby could not touch.

same value may yield very different ground-rents, and properties of very different values may yield the same ground-rent. So, too, the reversions to properties of the same original value, and let for the same number of years, may differ greatly in value according to the value of the buildings erected upon the several properties. And even where the ground-rents are the same, and the buildings are of the same value, the properties may differ in value, nevertheless, for fines may have been paid in some cases and not in others.

I.

The arguments for rating ground-rents are, however, at first sight not unreasonable. They are stated with considerable plausibility in the evidence of several witnesses before the Select Committee. Thus, Mr. Charles Harrison, a London solicitor who has taken a prominent part throughout in the agitation for altering the law, urges that the incidence of taxation is now "on a bad basis." "Take the case," he says (4149), "of settled estates. We "see in the case of some of the larger settled "estates (the Grosvenor Estate, for example, settled "early in the seventeenth century; the Portland "Estate, settled and continued under settlement "since that date), that ground-rents are created, "and leases are made, and when the leases expire "large fines are paid. Take the case of the Port- "land Estate and properties like Cumberland "Street; they will only renew there upon the

"terms of doubling the ground-rent; and not "only that, but perhaps they ask for £3,000 or "£4,000 by way of a fine. The ground-rent, of "course, by reason of that fine, is proportionately "lower, and therefore the mere taxation of the "ground-rent in no way represents the interest of "the freeholder in that property. He does not "contribute to any portion of the costs of the im- "provements that have been taking place, or the "charges which have been public charges for im- "proving the property, during all the time that "that has been settled, and during which time he "has been taking fines." Mr. Rhodes, the Chairman of the Beckenham Local Government Board, states that the rateable value of the parish of Beckenham increased from £14,277 in 1861 to £142,900 in 1886, and that this increase was due to the construction of two railways and of a system of sewerage. The landowners, he contends, did not pay for either of these improvements. The cost of the first fell upon the railway companies; the cost of the second fell upon the occupiers. Why should the landowners be benefited by the expenditure of others?

Mr. Saunders, on whose motion these questions were referred to the Select Committee, also gave evidence. He avows his belief that all property in land is "legal robbery," that land should be taxed 20s. in the pound, and that "nationalisation of the land," without any compensation, is the only effective cure for the evils of private ownership.

From opportunist considerations, however, Mr. Saunders is content for the present merely to propose that all taxation, imperial and local, should be thrown exclusively upon land and land values, as distinguished from buildings. The other witnesses confine themselves to suggestions that ground-rents and "increased values" should bear a portion of the rates. That too appears to be the view held by Lord Hobhouse, the President of "The United Committee for Advocating the "Taxation of Ground-rents and Values"—a body devoted, as its President declares, to "the just and "important object of making owners of all interests "in land immediately contribute a fair share to "Local Taxation, by which their property is aug-"mented or maintained, and which falls now on "the single interest of the occupier." Lord Hobhouse makes this announcement in the preface to a leaflet published by the "United Committee." The leaflet itself seems to be written with a very different aim. Indeed, its reasoning would justify, and is perhaps designed to justify, the views of Mr. Saunders, while its language is well calculated to foment virulent and unreasoning class-hatred.* It is needless to controvert such opinions here, and

* This tract informs the working-classes that "many economists "advocate the complete resumption of the land by the community," assures them that they "labour one whole day per week without "reward exclusively for the benefit of the landlord class," exhorts them to "remember when tired by the work of the week that every "Friday's labour is for the landlord, and for the landlord alone," and considerately provides them with a cut-and-dried resolution to move at their meetings and "send to the press." It is amazing to find Lord Hobhouse's name on the title-page of such a document.

it would be unjust to impute any conscious participation in them to the more moderate advocates of the "taxation of ground-rents and values." It will, nevertheless, be shown that the proposals of reformers like Mr. Harrison and Lord Hobhouse are only defensible on the principles of reformers like Mr. Saunders and Mr. Henry George.

The moderate reformers have made two different suggestions for the rating of ground-rents. The original and cruder project was to "impose a direct "assessment" on the ground-rents actually issuing out of each house. The new rate was to be paid in addition to that now payable by the occupier. This proposal was met by conclusive proof that all ground-rents are fully rated already. Houses are assessed, it was pointed out, on their full net annual value, whether they are subject to ground-rents or not. In a street, for instance, of houses in all respects similar, No. 1 may be freehold, No. 2 leasehold subject to a ground-rent of £10, and No. 3 leasehold subject to a ground-rent of £15. All of them are now assessed at the same amount (say £100), and all pay the same rates. If a direct assessment were imposed on the ground-rents of Nos. 2 and 3, the result would be that while No. 1 would still be rated on £100 only, No. 2 would be rated on £110, and No. 3 upon £115, although all three houses are of the same annual value. The ground-rents of Nos. 2 and 3 would, in fact, be rated twice over. The occupiers would still be rated on the annual value of £100, which, in each

case, includes the ground-rent, and the owners would be rated on the £10 and the £15 respectively in addition. It has already been shown that the ground-rent is one element only in the owner's interest in the property, and that a system of assessment based on that element alone would be arbitrary and unjust. Arguments which the reformers have not, it is believed, ever attempted to meet will be stated further on for holding that all rates and taxes do actually and already fall upon the whole of that interest as composed of fine, ground-rent, and reversion together, and fall upon that interest alone. For the present, it is enough to note that the reformers themselves have perceived the anomalies involved in this particular scheme, and have modified their proposals accordingly. The leaflet already referred to as issued by Lord Hobhouse's Committee, suggests that "the "occupier be legally entitled to deduct from his "rent one-half the rates paid by him, in the same "way as he now does with the whole of the land-"lord's 'Property Tax,'"* and it is asked "why "should not the local rates be levied upon the "owner as well as upon the occupier?"

An obvious, and it might be fancied a conclusive answer is, because the occupier has made a distinct engagement with the owner to pay them. This difficulty was pressed upon Mr. Saunders by the Chairman of the Select Committee. The witness was quite prepared to face it, and he offered

* See Postscript, p. 24.

what appears to be the only logical solution of the problem. The evidence deserves to be quoted at some length. The Chairman (Mr. Fry) said:—"I will again put the case to you of a lease taken "two or three years ago in which the lessee has "entered into an express covenant that he will pay "the whole of the rates and taxes upon the pro-"perty or upon the ground-rent, and the landlord "has accepted a certain sum per annum on that "basis. I ask you whether you think it would "be fair of the Legislature now to intervene and "destroy that contract, and shift a portion of the "taxation from the shoulders of the one to the "shoulders of the other, without any benefit to the "community in the way of increased taxation?" Mr. Saunders replied:—"I do not see that "arrangements between individuals affect the case "other than this: they indicate who is beneficially "interested in any particular property, and in my "opinion any one who is beneficially interested in "land is beneficially interested in a legal robbery, "and when the matter is properly adjusted he will "have to suffer—that is, he will cease to confiscate "the property of other people."

But the case against throwing any part of the local rates directly upon the owner does not rest upon contract alone. It would be unjust, it is urged, to levy any rates upon him directly, because all rates and taxes are indirectly paid by him already. A little consideration of the argument which follows will make the grounds of this contention clear.

The amount of the occupation rent always determines the amount of the ground-rent. The builder only builds where he expects to make his customary trade profit. The balance of the occupation rent after providing this profit is the ground-rent. Whatever, therefore, tends to increase or diminish occupation rents tends to increase or diminish ground-rents by the whole amount of such increase or diminution. But rates and taxes always tend to diminish occupation rents, for the occupier always takes them into account in fixing the rent he will pay. If there were no rates and taxes he would consent to pay a higher rent, and as the builder would still receive only his customary trade profit, the whole of such increase in the occupation rent would be added to the ground-rent. Conversely, if the rates and taxes on a given area were suddenly doubled, occupiers would insist on a diminution of their present rents equal to the increase in the rates and taxes, and as the builder would still receive his customary trade profit, the whole of such diminution in the occupation rent would be deducted from the ground-rent. It follows, therefore, that the owner already pays indirectly all the rates and taxes upon houses.

The decisive nature of this objection to the reformers' proposals is manifest. And they have not apparently ventured to impugn the process of reasoning on which it is based. It is, however, admitted that the general conclusion just stated is subject to an important modification. The ground-

rent is fixed before the amount of rates and taxes payable on the property can be precisely ascertained. The landowner and the builder, in making their bargain, can only estimate what the rates and taxes will probably be. They may over or under-estimate the amount. In the one case the landowner loses part of his economic ground-rent; in the other the builder loses part of his customary trade profit. In neither case is the occupier affected. He only suffers where, in fixing his occupation rent, he has himself under-estimated the rates and taxes payable during his occupancy—a period upon the average of brief duration.

There is, it is conceded, one exception to the rule that all the rates and taxes upon houses fall upon the owner. Where permanent improvements, not contemplated at the date of the original contract between the owner and the builder, are effected, and the capital cost of such improvements is paid off during the lease by a sinking fund formed out of the rates, no part of that sinking fund can fall upon the owner. Here his property is really "augmented" at the cost of others, by so much of the rates as is appropriated to the sinking-fund. An instance of such "augmentation" would be the acquisition of a public park, resolved upon in the second year of a 99 years' lease, and paid for by a sinking fund formed out of the rates, terminable in 50 years. But "de minimis non curat lex," and it will next be shown that the grievance which, in theory, undeniably affects both occupiers and lease-

holders in such cases, is in practice infinitesimal. In the first place, the whole sum devoted to permanent improvements out of the rates is inconsiderable, and the proportion of this sum appropriated in turn to sinking funds is very small. And it is by the sinking funds only that the owner's property is "augmented." The balance of the improvement rate is spent in keeping down annual interest, and for this annual interest the occupier or the leaseholder receives a full equivalent in the use of the improvement.

Two other circumstances considerably lessen the hardship on the occupier as distinguished from the leaseholder. First, his occupancy term is usually short, and on its expiration he becomes free to readjust his occupation rent with his immediate landlord in view of the increased rate. He can, in fact, shift the payment of the sinking fund upon the leaseholder's shoulders. Secondly, the occupier is the ratepayer, and improvements can only be made with the ratepayer's consent. He objects, no doubt, to "augmenting" the owner's property hereafter; he prefers doing so to dispensing with the use of the improvement in the meantime. His grievance is therefore reduced to the fact that the payment during a brief period of an insignificant rate which he has voluntarily incurred, will accidentally benefit the owner in the future. It is otherwise with the leaseholder. He has no more voice in incurring the expenditure than the owner. Yet, on the expiration of the current occupancy

term, he has to pay the sinking-fund which was created by the occupier, and which benefits the owner. His grievance is in theory perfect, if his contract to pay *all* rates and taxes be ignored; but in practice, it is believed, he rarely suffers. Often, indeed, the theoretic hardship is a boon compulsorily thrust upon him. True, the occupier compels the leaseholder to borrow money which ultimately improves the owner's property. But the money is obtained at such low interest, and the advantages of such improvements to a neighbourhood are so great, that they usually increase the letting value of the houses, by more than enough to pay both the interest and the sinking fund. In other words, permanent improvements paid for out of the rates are usually worth more than they cost. And whenever this is the case, there is an immediate "augmentation" of the property of the leaseholder, as well as an ultimate "augmentation" of the property of the owner. Furthermore, it should be noted, that the "permanency" of improvements is but relative. The property of the landowner is "augmented" solely by such improvements as are unexhausted at the end of the ground lease.

But if all rates and taxes, except those appropriated to sinking funds, fall upon the owner, most of them, it is certain, are expended on the occupier. Lord Hobhouse indeed complains that the owner's property is "maintained" at the occupier's cost. The misleading character of this assertion has been already proved. It may be illustrated

from the provisions of other contracts of letting and hiring. The hirer of carriage-horses, for instance, provides their keep during the hiring. Now, the expenditure from the rates on the police and street lighting no more adds to the permanent value of the hired house than the cost of the hired horse's corn adds to the permanent value of the horse. In both cases the hirer gets the advantage of his expenditure; in both he contracts for reasons of convenience to pay the cost directly; in both that cost by special agreement * might be undertaken by the letter at increased rates of hire; in neither is any injustice done. And, as every ratepayer knows, by far the largest part of the rates is spent on temporary objects of this kind.

It follows from what has been already stated, that to rate ground-rents would afford no permanent relief to the occupier, and the relief of the occupier is the alleged object of the proposal. It is clear that if ground-rents were rated, the occupier would be benefited during his current occupancy term only. On its expiration his immediate landlord would raise his occupation rent by the amount of the rates statutorily shifted to the owner. He would thereby appropriate the whole benefit intended for the occupier to himself.

The question, should ground-rents be directly assessed, has so far been examined with regard to ground-rents already created. It shall now be

* Such special agreements are, in fact, usual where houses are let furnished and where horses are "jobbed."

considered with regard to future ground-rents. To rate these ground-rents is no direct injustice. It involves no statutory violation of subsisting contracts, and all future contracts would be made with notice that the owner would have to pay directly part of the rates and taxes now paid by the leaseholder. Future ground-rents would accordingly exceed present ground-rents by an amount calculated to meet this new liability. No benefit whatever would accrue to the occupier. And although no direct injustice is involved in the measure, it would undoubtedly inflict grave injury on the owner by depreciating his property. The evidence of all competent witnesses seems to be unanimous on this point. They state that two of the chief attractions of ground-rents as investments, are fixity of income and ease of collection. Both of these attractions would be destroyed by the proposed change.

The income actually receivable would fluctuate from quarter to quarter with the rates,* while its amount on each quarter-day could be determined only after a series of complex calculations made between the parties successively interested in the property. As, moreover, rates vary not only from quarter to quarter, but from parish to parish, evidence of the rate to be deducted would have to be produced on each of these successive payments.

* See upon this point a pamphlet on "Freehold Disfranchisement," by Mr. Beken.

II.

All the objections just stated against the direct assessment of ground-rents apply to the direct assessment of "improved ground values." It has been shown that the whole amount of the payment received by the owner for the use of his property under a building lease is fixed by contract, and that an express and material term of this contract is, that no part of the owner's interest, whether fine, ground-rent, or reversion, shall be taxed or rated. To rate any element in that interest is to violate by statute a subsisting contract; to rate the improved ground value is arbitrarily to rate two of those elements without rating the third.

Moreover, if the reasoning given above be sound, a necessary economic consequence of the contract between owner and leaseholder is to throw all rates and taxes on the former. To rate ground-rents is, therefore, to rate the owner twice over on one element in his interest; to rate improved ground values is to rate him twice over on two. And of course to rate improved ground values would afford no more permanent relief to the occupier than to rate ground-rents, and for the same reason. The benefit intended for the occupier would be appropriated almost at once by his immediate landlord. Furthermore, the rating of improved ground values would involve all the practical difficulties occurring in the rating of ground-rents, with this additional inconvenience, that the improved ground value of

every house would have to be ascertained afresh at brief intervals, as it gradually matures into the right to immediate possession.

An anomaly would moreover arise from the rating of improved ground values which is not incident to the rating of ground-rents. For such part of the former as consists of the reversion is capital, and to rate capital is opposed to the first principles of our whole fiscal policy. And this anomaly would cause very real hardship. The reversion is not only capital, but capital out of possession, and which may never fall into possession in the lifetime of any given owner. It would be as incongruous to rate the reversioner under a building lease on his reversion, as to make the reversioner under a settlement of Consols pay income-tax during the lives of the prior life interests. An example given by Mr. Tewson, the well-known land agent and surveyor, from his own experience, will illustrate the injustice which the rating of improved ground values would work. In 1820 a piece of land was let for £20 a year, and the house built upon it let for £80 a year. In 1886 this house was worth £800 a year. If the owner were rated on the improved ground value, and the leaseholder on the building, the owner would now pay rates on £740 and the leaseholder on £60. But the owner receives £20 and the leaseholder £780 out of the property (2801 *seq.*). In such cases the rates on the improved ground value would exceed the owner's whole income from the property by many times its amount. Unless he

could pay them from other sources, he would be forced to do so by encumbering his reversion. Under the present system the leaseholder pays the rates on the improved ground value during the lease, and the owner on its termination. And if the improvement has exceeded the anticipations of the parties to that contract, and the rates consequently exceed the leaseholder's estimate when he fixed the ground-rent, he is to be congratulated on the result, for he has appropriated the entire balance of such improvement, in the shape of increased occupation rents. "*Qui sentit commodum sentire debet et onus.*" The arrangement seems eminently fair.

III.

The proposal to rate vacant building land on its capital value—that is, on the income which the proceeds of sale, if invested, would produce—does not involve any statutory violation of contract. But it is, of course, open to the objections against rating capital, just explained in discussing the proposal to rate reversions. And the hardship inflicted upon owners would probably be not less. Agricultural land ripens into building land very slowly. During the process it yields scarcely any income. Yet the capital value is growing, so that rates assessed upon that value could not possibly be paid out of the income. Mr. Arthur Garrard, an eminent London surveyor, mentioned a case in his evidence (4963) of a property of about 100 acres which had remained "absolutely valueless for either building

"or agricultural purposes" for ten years. Near Liverpool, to take an instance from the provinces, two properties are now offered for sale by a well-known firm at £50,000 each. One was bought in 1851 or 1852 for £40,000, but it has never yielded more than £170 since. The other came into the present owner's hands about forty years ago; the rent it yields is less than £40. If these properties were rated on their capital value the owners would be paying nearly £500 a year each in rates, so that the rates would exceed the income by some £330 in the one case, and some £460 in the other. And it is notorious that round certain of the most prosperous of our provincial towns and cities instances of the kind are not uncommon.

It is, however, the avowed purpose of some at all events of the advocates of this change, to make the position of the owners of vacant building land intolerable. They say that owners keep building land off the market, and thereby increase overcrowding in towns. They desire to "force" owners to offer their land for sale by rating them on their capital, and to "bring down the price of "building land," by the competition of owners eager to dispose of a "damnosa hereditas." Legislation designed to constrain a particular class of owners to sell their property below its value for the benefit of the community, savours rather strongly of confiscation; and the excellence of the end proposed in no wise justifies the means suggested to attain it. But the project seems to

be inexpedient as well as immoral. The Blue-books contain a mass of uncontroverted evidence to show that so far from owners keeping land off the market, they are over-anxious to press it for sale. The competition is not generally between builders for land, but between landholders for builders. And while it is certain that to rate owners on their capital would force sales and "bring down the "price" paid to them, it is by no means certain that the result would benefit occupiers. The tendency, it is argued with considerable force, of such a measure must be to concentrate the ownership of vacant building land in the hands of great capitalists. The small owners, whose eagerness to draw an immediate income now ensures a full supply of building land in the market, would indeed be forced to sell, and to sell at prices artificially depressed by the new law. But builders would be very cautious about buying land subject to liabilities so heavy. Syndicates of speculators would not improbably be the chief purchasers. They would squeeze out the small owners, and buy to hold until they could control the market and "corner" the builders.

That the change must intensify another form of overcrowding seems tolerably certain. Urban and suburban gardens in private hands now largely supplement the public parks as "lungs" for our great towns. Under the proposed law they would necessarily be rated as vacant building land on their capital value. Their cost would become

prohibitive, and they would be forced upon the market. This might add to the immediate supply of houses, but it would do so at the sacrifice of those "open spaces," which it is so important for sanitary reasons to preserve.

A second argument in favour of the rating of vacant building land is, that the owner's property is "augmented" at the cost of the adjoining occupier. This assertion is, however, in direct conflict with the doctrine on the incidence of taxation stated in Part I. If the value of vacant building land is augmented out of the rates, it is so augmented on the principle there explained, at the cost, not of adjoining occupiers, but of adjoining owners. And as it is by his own act that each owner in turn becomes contributory to the rates, it follows that if he accidentally benefits his neighbour, he does so in directly benefiting himself. Moreover, the owner of the vacant building land can henceforth derive no income from his property without paying rates on the augmentation as well as on the original value. And, at all events, it is not the adjoining owners who complain.

Lastly, the practical difficulties of rating vacant building land on its capital value appear to be insuperable. No adequate legal definition of what "building land" is has been suggested, and it perhaps "passes the wit of man" to frame one. And if this problem were solved, the decision,*

* Mr. Goschen and Lord Cross have pointed out that, unless vacant houses were rated as well as vacant building land, the

whether given properties did or did not fall within that definition at given times, and the re-assessment of capital values at brief intervals must cause endless uncertainty, litigation, and loss.

For these reasons, amongst others, it is submitted that all the questions stated on page 3 should be answered in the negative; that a direct assessment should not be imposed on the owners of ground-rents, or on the owners of increased values imparted to land by building operations or other improvements, and that no change in the existing law is desirable.

Postscript.—Since these pages have been in type, Mr. Rathbone, M.P. for North Carnarvonshire, and Mr. Channing, M.P. for East Northamptonshire, have severally placed upon the paper Amendments to the Local Government Bill, designed to carry out the proposal of Lord Hobhouse's Committee stated on page 10. The Amendments entitle present occupiers, in violation of their own express contracts to the contrary, to deduct from their rents a proportion of the rates, usually amounting to one half, and they explicitly disable all occupiers from hereafter contracting themselves out of this right. The injustice and the inexpediency of all such projects have been conclusively shown, it is hoped, above.

liability to rates would be evaded by the erection of temporary structures, while Lord Salisbury has shown that the "capital value" of extensive sites might be temporarily destroyed by collusive sales of the frontages.

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